

BOND'S

WORN BY MORE FASHION-MINDED MEN AND WOMEN THAN ANY OTHER CLOTHES IN AMERICA



1964 ANNUAL REPORT

YEAR ENDED JULY 31, 1964 / BOND STORES, INCORPORATED

FINANCIAL HIGHLIGHTS

	YEAR ENDED JULY 31	
	1964	1963
Net sales	\$90,775,615	\$90,262,095
Net income before Federal income taxes	4,627,649	4,226,144
Net income	2,417,649	2,136,144
Net income per share (1,684,783 shares)	1.43	1.27
Book value per share	32.67	32.36
Working capital	41,512,075	41,242,629

OFFICERS

IRVING COHEN	<i>Chairman of the Board and Treasurer</i>
ELLIS H. SCHECHTMAN	<i>President</i>
IRVING MOSELOWITZ	<i>Executive Vice-President</i>
SYLVAN N. KING	<i>Vice-President</i>
MAURIE SANGER	<i>Vice-President</i>
LOUIS A. GOOD	<i>Vice-President</i>
LOUIS B. BERMAN	<i>Vice-President</i>
WILLIAM B. LOFTUS	<i>Vice-President</i>
SIDNEY L. ROSENBLOOM	<i>Vice-President</i>
ROBERT J. BIRNBAUM	<i>Secretary</i>
JOHN B. GOETKE	<i>Assistant Secretary</i>

BOARD OF DIRECTORS

H. ROE BARTLE	IRVING MOSELOWITZ
IRVING COHEN	MORRIS NATELSON
LOUIS A. GOOD	CHARLES F. PHILLIPS
SYLVAN N. KING	MAURIE SANGER
JOSEPH KLINGENSTEIN	ELLIS H. SCHECHTMAN

TRANSFER AGENT

FIRST NATIONAL CITY BANK, 55 Wall Street, New York, N. Y. 10015

REGISTRAR

BANKERS TRUST COMPANY, 16 Wall Street, New York, N. Y. 10015

This report to stockholders is published solely for the purpose of providing information. It is not a representation, prospectus or circular in respect of any stock or security of any corporation and is not transmitted in connection with any sale, negotiation for the sale, or offer to sell or buy, or to induce the purchase, of any stock or security.

BOND STORES, INCORPORATED

FIFTH AVENUE AT 35TH STREET, NEW YORK, N. Y. 10001

October 26, 1964

Dear Stockholder:

We are pleased to report the results for our fiscal year ended July 31, 1964. Net sales amounting to \$90,775,615 represent a record high and reflect a gain of more than half a million dollars or .6% over the prior year's sales of \$90,262,095. Net earnings of \$2,417,649 in fiscal 1964 represent an increase of \$281,505 or 13% over \$2,136,144 in the preceding year. On a per share basis, these earnings were \$1.43 compared to \$1.27.

The fiscal year ended on a very encouraging note, each of the three months of the last quarter having shown a volume increase over the corresponding prior year periods. This favorable up trend has continued through the first two months of our new fiscal year with sales increases of 2.1% for August and 11% for September.

At this writing, consumer and business economic outlook is one of confidence and optimism, with most signs pointing to moderate gains in business activity well into next year. Coupled with our current consistent improving performance, we are encouraged to believe that this confidence in the economy will translate itself into a continuing accelerated consumer demand for our products.

Dividends totaling \$1.12¹/₂ were paid during the fiscal year. These consisted of two quarterly payments of 31¹/₄¢ a share followed by two quarterly payments of 25¢ a share. The change in dividend rate, voted by your Board of Directors on March 13, 1964, was prompted by the fact that during the past several years, our annual cash dividend distribution has averaged approximately 90% of net earnings, which was a higher ratio than served the long range interests of your company.

You will note from the balance sheet that Bond Stores, Incorporated remains in strong financial condition, working capital exceeding \$41 million. Our ratio of current assets to current liabilities is 6.2 to 1. The parent company remains free of bank debt and funded debt. We are in excellent position to finance the growth planned for this year and beyond, including possible acquisitions.

Inventories of \$27,165,362 were up \$1,776,154 over a year ago. Part of the increase resulted from our decision to purchase substantial quantities of merchandise prior to fiscal year end, to support our advertising and promotional efforts to capture a larger portion of the increasingly important "back-to-school" market during July, August and

September. Providing inventory for the new stores to be opened this Fall accounted for the remainder. In our opinion, results during this period justified this decision. Current inventory is in line with current sales trends.

During the past year, we opened five new shopping center units and closed four downtown stores. The new units were opened in Bayshore, Long Island, New York; Reisters-town, near Baltimore, Maryland; Pleasant Hill, in the metropolitan San Francisco, California area; South County, outside St. Louis, Missouri; and Moorestown, New Jersey, near Philadelphia, Pennsylvania. Additionally, we reopened our Hillside Shopping Center store in suburban Chicago, Illinois, damaged by fire in May, 1963.

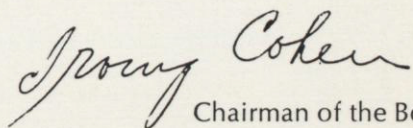
Despite the closing of four downtown stores, we emphasize that Bond Stores, Incorporated intends to maintain and will, in fact, add to its downtown units, but only when we are convinced that a particular unit's profit potential justifies modernization and expansion or leasing.

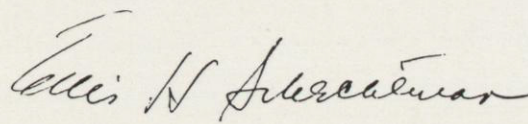
The opening of the aforementioned five stores, the modernization of a number of existing stores and the purchase of new machinery and equipment for our factories, required capital expenditures during the past fiscal year of \$1,232,689 compared to \$1,570,952 for the preceding year.

We continue to seek ways and means of effecting every possible saving through the most advanced and modern methods in order to offset rising costs, such as higher wages, advertising rates, raw material and transportation. We believe that this program, developed and improved on a continuing basis, is currently being reflected in our profit picture.

We take this opportunity to express our thanks to our loyal friends and customers, without whose support, Bond Stores, Incorporated could not have reached its dominant position within our industry. Nor could we have grown and prospered without the hard work and devotion of all of our thousands of employees, be they in our four factories, our retail stores (currently totaling 134) or our administrative offices. We take this means of thanking each and every one of them. To our numerous suppliers of materials and finished products, we also extend our thanks for their cooperation. We look to you, our stockholders, for your continued encouragement and loyalty, for which we are truly appreciative.

Respectfully submitted,


Chairman of the Board


President



Contra Costa Center
Pleasant Hill, California



South County Center
St. Louis, Missouri



Reisterstown Road Plaza
Baltimore, Maryland



South Shore Mall
Bayshore, New York



Moorestown Mall
Moorestown, New Jersey

THE BOND STORY

Bond Stores, Incorporated is a family of more than 130 retail apparel stores located in major cities and suburban shopping areas across America. Bond is also its own manufacturer of fine quality clothing and shirts, supplying virtually its entire needs in these categories of men's fashions. We constantly seek to improve the quality of our product by utilization of the most advanced tailoring, distributing and selling techniques and principles. This policy has helped to make Bond a leader in the field of retailing and in the manufacture of men's clothing. We believe that continued adherence to these principles will contribute toward growth in sales and greater profitability in the years ahead.

Except for a relatively few smaller stores, we are a national network of stores equipped to provide the entire family with all of its apparel needs in every season of the year. We pride ourselves for our fashion know-how in men's, women's and children's apparel and accessories. By combining their extensive knowledge in their respective fields, our stylists, designers and buyers provide Bond's customers with the best in the most current fashions, attractively and competitively priced.

In men's apparel, this means style and fashion research and analysis. It means the critical selection of fine quality domestic and imported fabrics in the most wanted patterns, colors and designs. With particular attention to the fashion pace-setters, such research, analysis and fabric selection often results in leading the way in trends for the coming season, and along with this, our policy of diversified retail stocks seeks to satisfy the broad range of consumer preferences.

But, fine clothing is not the result of style, fashion and fabric alone. A fourth and equally important ingredient, generously added by our own master tailors in our own factories, is craftsmanship — the skill and meticulous care that results in producing quality clothing on which we are proud to sew the Bond label.

In our women's division, Bond's buyers comb the market for the latest fabric and

Bond's women's fashions are chosen with scrupulous attention not only to the over-all fashion picture, but to specific needs of the Bond customer. Shown here are Bond's dress buyer and fashion coordinator checking out a new casual fashion.

Celebrating its 56th Anniversary this year, Bond's credits much of its success to highly personalized servicing and fitting.

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fashion trends. In recent years, increased emphasis has been on casual wear — in recognition of the fact that more and more women and children living in suburban areas have added leisure time and where informality in dress is a growing trend. As America prospers and grows, as living and working patterns change, so Bond keeps pace with America's apparel needs.

The Bond story is one of growth. On July 31, 1964, there were 131 stores and already through mid-October, we have opened three additional stores, one of them at a downtown location. Present plans call for the opening of two more in November and three next Spring, a total of eight in the new fiscal year.

In conformance with our expansion policy, our emphasis in recent years has been to open stores mainly in suburban shopping centers adjacent to major metropolitan markets where presently we are represented. We bring our stores to areas where customers live and where they find it convenient to shop, rather than requiring them to travel to stores less conveniently located.

In each major market where we have stores and where population continues to expand, we seek to open additional stores as facilities become available, in an effort to attract new customers while holding old customers in each geographic section of the local market. With the opening of such additional stores, we are in a position to increase our advertising expenditures and promotional efforts in such areas, with the consequence that the percentage cost thereof is reduced in relation to the increase in sales volume within each such area.

Bond's principles and policies encompass uncompromising efforts for serving its customers well, with fashion, with quality, with credit and with competitive prices, plus such personal care and attention that becoming a member of the Bond family of customers is a natural consequence.

For the future, we are dedicated to a continuance of these principles and policies which, in the past, have sustained our growth and enabled us to establish a record of 26 years of uninterrupted dividend payments to stockholders.

Hand detailing of men's clothing, quality control and uncompromising craftsmanship are major reasons for ever-growing customer acceptance of the famous Bond label.

Typical scene of a customer opening a charge account at Bond's. Customers can choose their own payment plan ranging from a regular monthly charge to a 6-month extended account.



BOND STORES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT JULY 31, 1964

ASSETS

Current Assets:

Cash		\$ 6,561,132
Accounts receivable — customers	\$15,743,488	
Less: Reserve for doubtful accounts	390,332	15,353,156
Miscellaneous accounts receivable		385,026
Merchandise inventories — Note A:		
Woolens, trimmings, etc.	3,251,039	
Work in process	1,522,117	
Finished goods	22,392,206	27,165,362
Total Current Assets		49,464,676

Other Assets	1,063,745
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Fixed Assets — at cost — Note B:

Land and buildings	\$10,229,012	
Less: Reserves for depreciation	2,401,168	7,827,844
Machinery, furniture, fixtures and equipment	8,545,157	
Less: Reserves for depreciation	4,456,430	4,088,727
Alterations, improvements and leaseholds	2,580,826	
Less: Reserves for amortization	1,138,809	1,442,017
		13,358,588

Deferred Charges:

Prepaid rent and advances to landlords on improvements to leased properties	671,860	
Unexpired insurance and other prepaid expenses	1,127,191	1,799,051
		<u>\$65,686,060</u>

LIABILITIES

Current Liabilities:

Accounts payable		\$ 2,275,269
Deposits and due to customers		336,709
Accrued expenses and sundry liabilities		3,145,502
Reserve for Federal income taxes — Note C		2,042,989
Mortgages payable — current installments — Note B		152,132
Total Current Liabilities		7,952,601
Mortgages Payable by Subsidiaries — Note B	\$ 2,074,351	
Less: Current installments shown above	152,132	1,922,219
Reserve for Unrealized Profit on Sale of Leasehold		775,000

Capital Stock and Surplus:

	<u>Shares</u>	
Preferred Stock —		
par value \$100 per share:		
Authorized to be issued in series as designated		
by the Board of Directors	100,000	
Retired and cancelled	60,000	
Authorized but not designated	40,000	
Common Stock —		
par value \$1 per share:		
Authorized	2,500,000	
Issued	1,688,383	1,688,383
Capital Surplus (no change during the year)		11,596,136
Earned Surplus — Exhibit B		41,810,149
		55,094,668
Less: Treasury stock — at cost (3,600 shares of Common Stock)	58,428	55,036,240
		<u>\$65,686,060</u>

The accompanying notes are an integral part of this statement.

BOND STORES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS

FOR THE YEAR ENDED JULY 31, 1964

EXHIBIT B

Sales		\$90,775,615
Cost of goods sold and stores and general and administrative expenses, exclusive of depreciation and amortization — Note D		85,405,883
		<u>5,369,732</u>
Add:		
Income from owned real estate before depreciation — Note E	\$176,652	
Other income — net	<u>277,072</u>	453,724
		<u>5,823,456</u>
Deduct:		
Depreciation and amortization		1,195,807
Net income before Federal income taxes		4,627,649
Provision for Federal income taxes — Note C		2,210,000
Net income		2,417,649
Earned Surplus as at July 31, 1963		41,287,881
		<u>43,705,530</u>
Dividends on Common Stock		1,895,381
Earned Surplus as at July 31, 1964 — Exhibit A		<u><u>\$41,810,149</u></u>

The accompanying notes are an integral part of this statement.

BOND STORES, INCORPORATED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS AS AT JULY 31, 1964

- NOTE A:** Merchandise inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the Corporation, retail inventory method or invoice cost as to other merchandise, substantially on the "first-in, first-out" basis) or replacement market. These methods for pricing the merchandise inventories are consistent with the practice of prior years.
- NOTE B:** Properties owned by subsidiaries are subject to first mortgages in the amounts of \$1,772,000 and \$302,351, payable in quarterly installments to December 17, 1967 and monthly installments to September 1, 1974, respectively. At said dates the unamortized balances of the mortgages become due and payable. The Corporation is not liable under such mortgages, but is the lessee of the properties under long-term leases, which leases are assigned as collateral under the mortgages.
- NOTE C:** The Federal income tax returns of the Corporation have been examined to July 31, 1960. The accompanying financial statements are subject to final determination of Federal, state and local taxes.
- NOTE D:** The Employees' Profit Sharing and Retirement Fund Trust Agreement, as amended, provides, among other things, for (1) voluntary contributions by eligible employees, (2) contributions by the Corporation and its subsidiaries, out of net earnings for the year as defined in the agreement, based upon the participating employees' contributions, (3) additional contributions by the Corporation and its subsidiaries computed at various percentages of net earnings for the year as defined in the agreement after deducting therefrom \$4,000,000 plus \$1 per share for any additional shares which the Corporation may issue after December 31, 1952, excluding additional shares resulting from stock dividends or split-up of stock and (4) the right of the Corporation to discontinue contributions to the plan.
- The contributions of the Corporation and its subsidiaries for the year ended July 31, 1964, amounted to \$110,397.
- NOTE E:** This item includes intercompany rental on property partly occupied by the Corporation.
- GENERAL:** As at July 31, 1964, the aggregate minimum annual rental upon real property leases, other than intercompany leases, expiring after July 31, 1967, amounts to approximately \$3,560,000. Certain of these lease agreements provide for additional rentals based on sales or for payment of certain expenses, such as real estate taxes and maintenance costs.

In connection with the profitable sale in a prior year of a leasehold which expires on April 30, 1998, the Corporation guaranteed performance (guaranteed in turn to the Corporation by the parent company of the purchaser) of the obligations under the lease to April 30, 1996, including net annual rental payments of \$24,000 to April 30, 1975 and \$32,500 thereafter.

ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS,

BOND STORES, INCORPORATED, NEW YORK, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated, and subsidiaries as at July 31, 1964, and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to financial statements, present fairly the consolidated financial position of Bond Stores, Incorporated, and subsidiaries at July 31, 1964, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

NEW YORK, N.Y.
OCTOBER 7, 1964

S. D. LEIDESDORF & CO.

LOCATION OF BOND STORES AND AGENCIES

ALABAMA

BIRMINGHAM

CALIFORNIA

ANAHEIM
EL MONTE
GLENDALE
HOLLYWOOD
HUNTINGTON PARK
LAKEWOOD CENTER
LOS ANGELES (5 stores)
NORTH HOLLYWOOD
OAKLAND (2 stores)
PANORAMA CITY
PLEASANT HILL
SAN DIEGO (2 stores)
SAN FRANCISCO
SAN JOSE
WEST COVINA

COLORADO

DENVER

CONNECTICUT

HARTFORD
MILFORD
NEW HAVEN
*NEW LONDON
*TORRINGTON

DELAWARE

*WILMINGTON

DISTRICT OF COLUMBIA

WASHINGTON

FLORIDA

*JACKSONVILLE

GEORGIA

ATLANTA

ILLINOIS

CHICAGO (7 stores)
HILLSIDE
KANKAKEE
NILES
SPRINGFIELD

IOWA

DES MOINES

KENTUCKY

LOUISVILLE (3 stores)

LOUISIANA

*MONROE

MAINE

*PORTLAND

MARYLAND

BALTIMORE (2 stores)
HYATTSVILLE

MASSACHUSETTS

BOSTON
FALL RIVER
*LAWRENCE

MICHIGAN

DETROIT (2 stores)
MADISON HEIGHTS
MT. CLEMENS
PONTIAC

MINNESOTA

MINNEAPOLIS

MISSOURI

KANSAS CITY (2 stores)
ST. LOUIS (4 stores)

NEBRASKA

*GRAND ISLAND
*HASTINGS

NEW JERSEY

AUDUBON
EATONTOWN
JERSEY CITY
MENLO PARK
MOORESTOWN
NEWARK
NEW BRUNSWICK
PARAMUS
TRENTON

NEW YORK

ALBANY
BUFFALO (2 stores)
*ELMIRA
HICKSVILLE, L. I.
HUNTINGTON, L. I.
NEW HYDE PARK, L. I.
NEW YORK (6 stores)
ROCHESTER (3 stores)
SCHENECTADY
SYRACUSE
VALLEY STREAM, L. I.
BAYSHORE, L. I.

OHIO

AKRON (3 stores)
CINCINNATI (2 stores)
CLEVELAND (5 stores)
COLUMBUS (2 stores)
DAYTON (2 stores)
LORAIN
*SALEM
TOLEDO (2 stores)
YOUNGSTOWN

PENNSYLVANIA

*CHESTER
PHILADELPHIA (2 stores)
PITTSBURGH
READING
SCRANTON
*UPPER DARBY
WILKES-BARRE

RHODE ISLAND

PROVIDENCE

TENNESSEE

CHATTANOOGA
MEMPHIS (2 stores)

TEXAS

AUSTIN
*CORPUS CHRISTI
DALLAS (3 stores)
FORT WORTH (2 stores)
HOUSTON (4 stores)
SAN ANTONIO (2 stores)

VERMONT

*BARRE
*RUTLAND

VIRGINIA

FALLS CHURCH

WEST VIRGINIA

*PARKERSBURG

WISCONSIN

MILWAUKEE (2 stores)

*AGENCIES

Factories in Rochester & Poughkeepsie, N.Y., New Brunswick, N.J., and Meridian, Miss.